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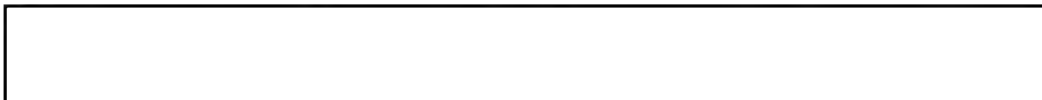
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THAILAND-LAOS: Bangkok has voiced support for the allied strike into southern Laos but is becoming apprehensive over the possible consequences for Thai security.

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Over the past few days, influential Thai officials and journalists have indicated their general approval of the South Vietnamese action in Laos. An article in the 16 February edition of the Bangkok Post, for example, strongly endorsed the move and had high praise for President Nixon's "bold stroke." The story was written by the paper's executive editor, a confidant of Foreign Minister Thanat, and almost certainly reflects Thanat's views.

On the other hand, concern that the widened war in Laos could easily spill over into Thailand has begun to creep into the statements of senior government officials. After initially giving his blessing to the South Vietnamese offensive drive on 11 February, Prime Minister Thanom later expressed concern to reporters about the Laos situation, noting that the Communist threat to Thailand is through Laos. He nevertheless tried to reassure his listeners that Thailand would not become a battlefield. Recent propaganda blasts from Peking charging Thai Government collusion in the South Vietnamese operation into Laos and endorsing Thai insurgent threats of retaliation undoubtedly have fueled Thai anxieties on this score.



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FRANCE: [Student protests and critical coverage of the domestic scene on French television have caused new strains between President Pompidou and Prime Minister Chaban-Delmas.]

[In reaction to student demonstrations over the past week in France, the recently appointed secretary general of the Gaullist party, who is reported to have been Pompidou's personal choice for this post, publicly criticized the courts for giving light sentences to demonstrators. He also criticized French television for presenting too negative a view of the situation in France, and he held Chaban-Delmas responsible. A cabinet meeting led by Pompidou on 17 February issued a statement in support of the courts but said nothing about the television issue.]

25X6 [Pompidou said [] in early January that he holds the prime minister solely responsible for television news reporting which Pompidou thinks has been inadequately controlled by the government and has been damaging to French interests. Chaban-Delmas stated that he would resign rather than change the present management of French television.]

[Slanted news reporting on television was one of the issues under dispute during the riots of May and June 1968, when the television staffs themselves went on strike. Reforms since then have reduced government control and have partially corrected the imbalance of political reporting, but they have failed to still the controversy. Orthodox Gaullists, among whom in this matter Pompidou must be counted, continue to connect the issue with government responsibility and national pride.]

[Pompidou's problem with Chaban-Delmas is essentially one of holding together the Gaullist party. Pompidou may well fear that Chaban-Delmas has ambitions for a separate base of power. Protest resignations of two diehard Gaullist deputies earlier this

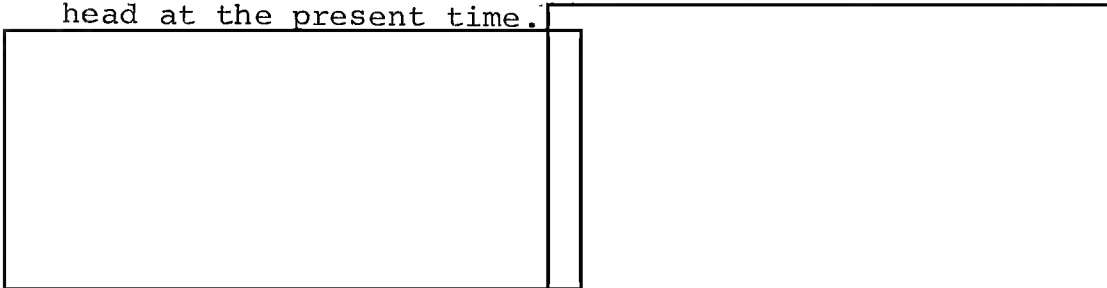
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month made clear the discontent of party conservatives with liberal tendencies, such as those Chaban-Delmas has expressed. Pompidou will therefore wish to reassure the right wing of his party. Because, however, unity of the Gaullist ranks will be important for the municipal elections which are scheduled for 14 and 21 March, Pompidou is unlikely to wish to bring his differences with Chaban-Delmas to a head at the present time.

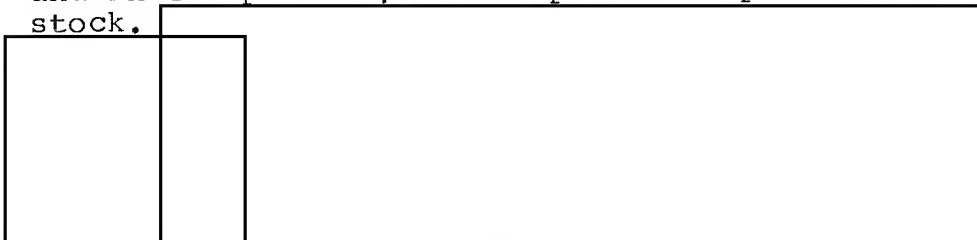


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DENMARK: The Danish Trade Union Federation (LO) has reluctantly rejected the state labor mediator's final proposal, and strike notices are being issued effective 15 March.

The rejection was prompted by the surprise veto of the wage package by the General Workers Union (DASF)--the nation's largest--and three smaller groups, together representing more than a third of Denmark's unionized workers. The DASF and its associates were ostensibly dissatisfied over the failure to obtain a \$1.80-minimum hourly wage and the failure to introduce immediately the principle of equal pay for equal work. The leaders of the LO are hoping that DASF President Jorgensen will reverse his decision and accept the proposal as the best obtainable in order to avoid a settlement imposed by parliament and a nationwide wave of strikes.

The LO leadership's desire for labor peace at this point is tied in with the carefully laid plans of the Social Democrats to resume power following the parliamentary elections to be held later this year. If labor unrest breaks out, the Social Democrats anticipate that the bourgeois parties now in power would dissolve parliament early, run a snap "law-and-order" election campaign capitalizing on public unhappiness over the strikes, and thereby extend their term in office another four years. There is some question, however, whether these considerations are meaningful to Jorgensen. He has long been impatient with the establishmentarian LO and Social Democratic leadership, and by creating a labor crisis, he may hope to attract defecting younger and more radical workers and voters back to the fold, and in the process, build up his own political stock.



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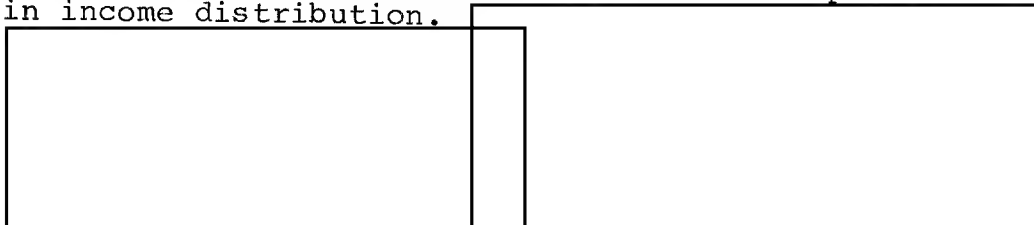
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BRAZIL: Economic performance continued generally excellent during President Medici's first full year in office.

The finance minister's economic report for 1970 says that gross national product rose by nine percent, matching the best gains of recent years. Preliminary estimates show increases of ten percent in industrial output and seven percent in agricultural output, despite sharply reduced coffee output and drought in the Northeast. Exports reached an all-time high of \$2.7 billion, mainly because of greatly increased earnings from coffee and manufactured goods. Year-end foreign currency reserves totaled \$1.7 billion, another record for Brazil.

The government also met its financial goals. A very small budget deficit was financed in a non-inflationary manner. The rise in the general price level was held to 19 percent, the smallest figure in a decade. Average wage increases somewhat exceeded the inflation rate, giving some urban workers the first significant gain in living standards in several years.

The Medici regime foresees comparable economic progress in 1971 as well as some further improvement in income distribution.



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TURKEY: Anti-American activity has increased markedly in recent days and may worsen.

The kidnaping of a US airman from a base near Ankara last Monday--although he was soon released unharmed--has injected a new dimension of intimidation into the campaign of anti-American hostility being promoted primarily by radical elements of the leftist minority. The recent increase in terrorist bombings is concentrated in Ankara and Istanbul, but may soon spread to the port of Izmir and to other areas where American servicemen are stationed.

The audacity of the kidnaping, the wide publicity given it, and the open belligerency of the Revolutionary Youth Organization probably prompted the new bombings in Ankara and Istanbul and may lead to more kidnapings and other violence. The injury of three Turkish teenagers, two seriously, by an explosive device they found in the street may, however, have some damping effect on the terrorists.

It is not clear whether the current rash of incidents signals a new phase of urban guerrilla activities by the radical left. The bombings and renewed violence on the campuses could be in anticipation of a general government crackdown after pending legislation to combat extremism is approved by parliament. If the attacks continue at their current rate, however, the government may turn to limited martial law and a nighttime curfew even before the bills are passed.

The hard-pressed Demirel government, which shows no sign of regaining strength, would be reluctant, however, to resort to such measures. They would underscore the government's inability to maintain law and order, further damage popular confidence in the regime, and increase the chances for direct intervention in the government by the military.



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UN: {Finnish UN delegate Max Jakobson is working hard to promote his candidacy to be the next secretary general of the UN.)

[REDACTED]

on Monday Jakobson will begin a six-week tour of half a dozen Asian capitals, having already received the qualified endorsement of the Nordic governments. He may make a similar swing through Africa later if the Africans are unable to agree on their own regional candidate. In talks with the US mission, Jakobson has claimed that other Western powers are sympathetic to his quest for the office and that no other regionally backed candidate is likely to emerge.

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{The Soviet UN mission has made some low-level informal statements describing Jakobson as an acceptable candidate, but most observers--and Jakobson himself--believe Moscow would prefer another term for Thant because he is a known quantity with a passive view of the role of the secretary general that is consonant with the Soviet attitude. A stop-over in Moscow on Jakobson's coming trip was vetoed by Helsinki as "subject to misinterpretation." Finnish officials are concerned over possible Arab opposition stemming from Jakobson's Jewish ancestry, but a few Arab governments have already stated that both Jakobson and his government have been scrupulously neutral on Middle East questions.}

{Thant's announcement last month that he had "no intention whatsoever" of serving beyond 1971 was somewhat more categorical than his similar remarks in 1966. A crucial element in the selection process undoubtedly will be high-level Soviet-US discussion on the eve of next fall's General Assembly sessions. The secretary general is chosen by the Assembly upon the recommendation of the Security Council.

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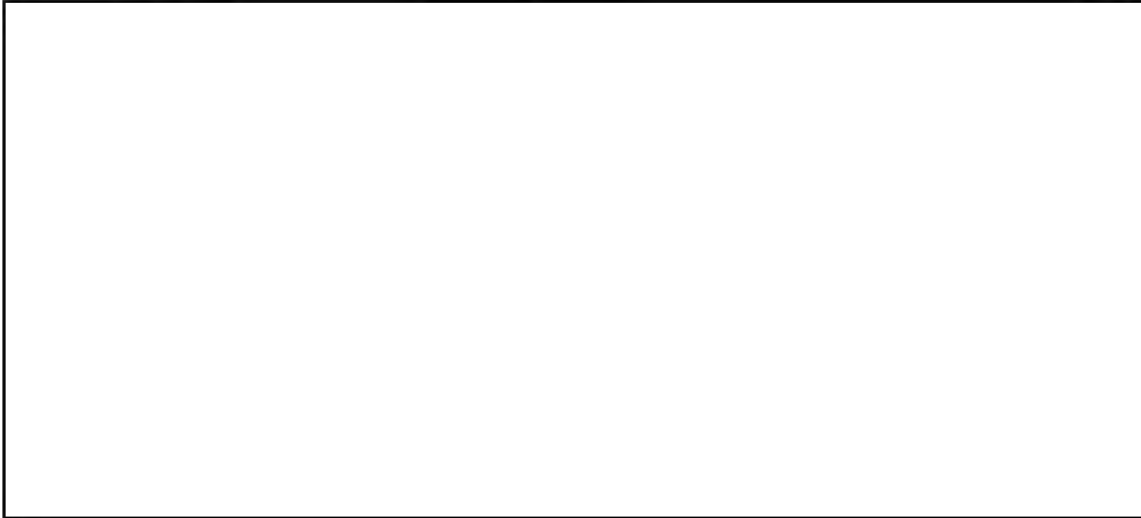
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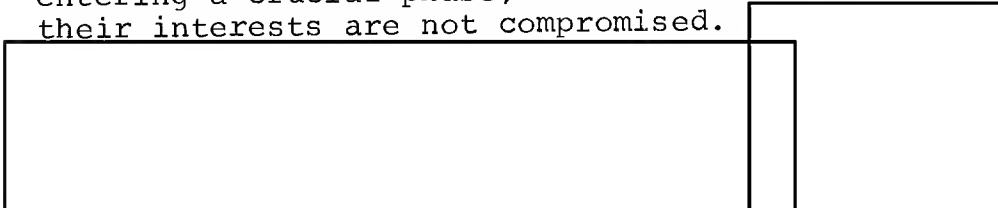
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JORDAN-EGYPT: During his projected visit to Cairo tomorrow, King Husayn probably will seek clarification of Egypt's position and try to coordinate policy on peace with Israel. Since President Sadat's offer on 4 February to reopen the Suez Canal, Husayn has been fearful that Egypt is planning to abandon Jordan's cause in the Middle East peace negotiations. In the opinion of the Jordanian Government the close working relationship the King had with Cairo under Nasir has largely evaporated to Amman's disadvantage. The Jordanians, perceiving that peace negotiations are apparently entering a crucial phase, are anxious to see that their interests are not compromised.



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(continued)

CZECHOSLOVAKIA: The conviction and sentencing to two years in prison yesterday of a prominent liberal intellectual for "agitation and slandering Czechoslovakia and the Soviet Union" testifies to the regime's determination to deal firmly with dissidents who have committed proscribed acts since Husak took office in 1969. Vladimir Skutina, a leading television commentator under Dubcek, was charged with attempting last year to distribute manuscripts describing the Soviet invasion. He is the second liberal to have been tried by the Husak regime for political opposition since the invasion. Husak has firmly resisted the initiation of retributive trials of liberals for their activities in 1968, but has publicly warned that the law would be enforced. Skutina's sentence was described as conditional, possibly foreshadowing leniency on the government's part.

[REDACTED]

MALAYSIA: Prime Minister Razak announced on 17 February that the 21-month-old state of emergency in Malaysia will end today. He also said that the National Operations Council which has controlled the country since the May 1969 racial rioting will be dissolved and that a new security group will be established to function in a subordinate role to the cabinet.

These steps seem designed to assure the populace, particularly the Chinese, of the government's confidence that the country is now prepared to return to parliamentary democracy. Parliament is scheduled to reconvene on 22 February. However, the existence of the new security group, which will be Malay-dominated, as well as the establishment of a National Unity Council charged with handling racial troubles underlines the government's continued apprehensions. The government is obviously still concerned over possible communal disorders and the activities of Communist terrorist groups.

[REDACTED]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 18 February 1971 approved the following special national intelligence estimate:

SNIE-84-71 "Panama and the Canal Treaty
Negotiations"

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